

**UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF STATE**

**APPLICATION OF NUSTAR LOGISTICS, L.P.
TO AMEND
THE PRESIDENTIAL PERMIT
FOR AN EXISTING PIPELINE LOCATED AT THE
UNITED STATES-MEXICO BORDER**

Pursuant to Executive Order 11423, August 16, 1968, 33 Fed. Reg. 11741 (August 20, 1968), as amended, and Executive Order 13337, April 30, 2004, 69 Fed. Reg. 25299 (May 5, 2004), NuStar Logistics, L.P. (formerly known as Valero Logistics Operations, L.P.) (“NuStar”) submits this application to the United States Department of State (“Department”) to amend the Presidential Permit issued on February 17, 2006 (“2006 Presidential Permit”).¹ Specifically, NuStar requests that the Department amend the 2006 Presidential Permit to: (1) reflect NuStar’s name change from Valero Logistics Operations, L.P. to NuStar Logistics, L.P., as the owner and operator of the pipeline (“Burgos Pipeline”); (2) to amend the 2006 Presidential Permit to permit the importation and exportation of Petroleum Products, including liquefied petroleum gas (“LPG”) and natural gas liquids (“NGLs”).²

¹ A copy of the 2006 Presidential Permit is appended as Attachment A.

² The term “Petroleum Products,” as used herein, means any petroleum product which by American Society for Testing Materials test methods, substantially distills below seven hundred (700) degrees Fahrenheit, has a Reid vapor pressure not exceeding two hundred and twenty (220) pounds per square inch absolute at one hundred (100) degrees Fahrenheit and a color not darker than No. 3 and includes liquefied petroleum gas (“LPG”), natural gas liquids (“NGLs”), diesel, gasoline, jet fuel and similar petroleum products. However, the term “Petroleum Products” specifically excludes petroleum products legally prohibited from being, as applicable, exported or imported by statute or regulation.

I. BACKGROUND

A. DESCRIPTION OF THE BURGOS PIPELINE

The Burgos Pipeline is an 8” pipeline crossing the United States and Mexico border that connects the Petroleos Mexicanos (PEMEX) Burgos Gas Plant near Reynosa, Tamaulipas, Mexico and the NuStar terminal near Edinburg, Texas.³ It is API Spec 5L (American Petroleum Institute Specification for Steel Line Pipe) pipe. Maximum throughput based on a 12 ft/s design standard for 8” pipe is 64,000 barrels per day (BPD). The pipeline on the United States side of the border is approximately 34 miles long, running from a location on the Rio Grande River southeast of Peñitas, Texas to the NuStar terminal approximately 6 miles north of downtown Edinburg, Texas. The first mainline shut off valve on the United States side closest to the Rio Grande River crossing is approximately 8,450 feet (1.6 miles) from the center line of the Rio Grande River. The connection crosses under the Rio Grande River. The Mexican portion consists of approximately 12.5 miles of pipeline, south of the Rio Grande River crossing, terminating at the PEMEX Burgos Gas Plant, near Reynosa, Tamaulipas, Mexico.

B. PERTINENT REGULATORY BACKGROUND

On February 17, 2006, the Department issued the 2006 Presidential Permit granting NuStar authority to construct, connect, operate and maintain the Burgos Pipeline crossing. Article 1 of the 2006 Presidential Permit states that “permittee shall make no substantial change in the location of the United States facilities in the immediate vicinity of the international boundary line or in the operation authorized by this permit until such changes have been approved by the Secretary of State of the United States or the Secretary’s delegate.” In addition, Article 2 of the 2006 Presidential Permit states that “[t]he operation and maintenance of the facilities shall be in all material respects as described in permittee’s application for a Presidential

³ Map of the Burgos Pipeline is attached as Attachment B.

permit under Executive Order 13337 filed on June 22, 2005.” On February 17, 2006, the Department issued a “Finding of No Significant Impact and Summary Environmental Assessment; Valero Logistics LP Pipeline in Hidalgo County, TX,” applicable to the Burgos Pipeline.⁴ The Department concluded that issuance of a Presidential Permit authorizing the Burgos Pipeline would have no significant impact on the quality of the human environment within the United States.

II. IDENTIFYING INFORMATION

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NuStar Logistics, L.P. is a subsidiary of NuStar Energy L.P., a publicly traded master limited partnership based in San Antonio, Texas, which is one of the largest independent liquids terminal and pipeline operators in the nation. NuStar currently has 8,643 miles of pipeline and 82 terminal and storage facilities that store and distribute crude oil, refined products and specialty liquids. The partnership’s combined system has approximately 91 million barrels of storage capacity, and NuStar has operations in the United States, Canada, Mexico, the Netherlands, including St. Eustatius in the Caribbean, and the United Kingdom.

NuStar is an experienced pipeline operator with substantial experience in transporting Petroleum Products. NuStar is qualified to operate the Burgos Pipeline.

⁴ Finding of No Significant Impact and Summary Environmental Assessment; Valero Logistics LP Pipeline in Hidalgo County, TX, 71 Fed. Reg. 8631 (February 17, 2006) (“2006 Environmental Finding”).

III. NOTICE OF THE PARTNERSHIP NAME CHANGE

Valero Logistics Operations, L.P. changed its name to NuStar Logistics, L.P. on April 1, 2007. NuStar requests that the Department amend the 2006 Presidential Permit to reflect NuStar Logistics, L.P., a Delaware limited partnership, as the owner and operator of the pipeline. Appended as Attachment C are copies of the items from the Delaware Secretary of State evidencing the name change.⁵

IV. TYPE OF PRODUCTS TRANSPORTED

NuStar requests authorization to transport Petroleum Products, as defined above.⁶

V. THE AMENDED PRESIDENTIAL PERMIT WILL SERVE THE NATIONAL INTEREST

The proposed amendment will serve the national interests of the United States and help increase trade between the United States and Mexico. There is currently a demand for Petroleum Products, including Naphtha, from the PEMEX Burgos Gas Plant. In addition, there is currently a demand for Petroleum Products, including LPGs and NGLs, in the areas of Reynosa, Tamaulipas, Mexico and Cadereyta, Jimenez, Mexico. This is currently primarily supplied by vessels loaded at Mt. Belvieu, Texas, off loaded at Brownsville, Texas and then transported by trucks through Matamoros, Tamaulipas, Mexico or from other distant locations in Mexico.

The primary impact of approving NuStar's request would be to provide flexibility for products transported on the Burgos Pipeline, provide a more efficient means of transportation and additional capacity, and replace loads of truck transportation with pipeline transmission of

⁵ The partnership's name change did not result in a transfer of ownership of the Burgos Pipeline; therefore, the Department's *Procedures for Issuance of a Presidential Permit Where There Has Been a Transfer of the Underlying Facility, Bridge or Border Crossing for Land Transportation*, Public Notice 5092, 70 Fed. Reg. 30990 (May 31, 2005) ("Public Notice 5092") are not applicable. However, to the extent necessary, and out of an abundance of caution, NuStar, herein, provides applicable information required by Public Notice 5092, and requests that the amended Presidential Permit reflect the new partnership name.

⁶ See fn. 2, *supra*.

Petroleum Products. This would reduce air pollution resulting from emissions, eliminate a source of traffic congestion at border crossings, and by reducing the number of commercial truck crossings, also improve homeland security.

VI. SIMILAR FACILITIES

Appended, as Attachment D, is a map that identifies similar facilities in the area and the owners of said facilities. In addition to operating the Burgos Pipeline, NuStar currently operates other pipelines near the Burgos Pipeline.⁷

VII. CONSTRUCTION PLAN

NuStar is not proposing any significant construction with regard to this request. There may be minor modifications within the Edinburg, Texas terminal related to a separate proposed pipeline, including piping modifications (i.e. launchers/receivers, tie-ins), and a new meter and pump station. Portions of these minor modifications could be incorporated to improve the operations of this pipeline as well.

VIII. APPROVALS

NuStar is required to receive other governmental approvals to construct, connect, operate, and maintain the proposed pipeline facilities, and to store and transport the types of products that would be transported under the requested Presidential Permit, including from the agencies listed below. NuStar is pursuing these approvals.

- Secretaría de Medio Ambiente y Recursos Naturales (“SEMARNAT”)
- Comisión Reguladora de Energía (“CRE”)

If necessary, NuStar will amend its tariff with the applicable state or federal authorities.

IX. ENVIRONMENTAL AND HISTORIC PRESERVATION REVIEWS

A. AMENDMENT

⁷ See Attachments B and D.

Approval of this amendment request will not result in significant impacts and does not raise any substantial concerns regarding the adequacy of the prior Finding of No Significant Impact. There are no known areas that are eligible for inclusion in the National Register of Historic Places and NuStar will coordinate with the State Historic Preservation Officer on the project. Hidalgo County is 90% Hispanic, with a per capita personal income that is 49% of the national average. Approval of NuStar's request will not result in any disproportionately high and adverse human health or environmental effects on minority populations or low-income populations in the United States. No known endangered or threatened species or critical habitat are in the pipeline area. NuStar understands this request will be reviewed under the National Environmental Policy Act.

B. 2006 ENVIRONMENTAL REVIEW

As part of its review process for the 2006 Presidential Permit, the Department prepared an Environmental Assessment. On behalf of NuStar, URS Corporation of Austin, Texas prepared a draft Environmental Assessment under the guidance and supervision of the Department. Numerous Federal and state agencies independently reviewed the draft Environmental Assessment. These agencies included: the United States Section of the International Boundary and Water Commission, the Department of Transportation, the Department of the Interior, the U.S. Fish and Wildlife Service, the Environmental Protection Agency, the Federal Emergency Management Administration, the U.S. Department of Homeland Security, the Department of Defense, the Department of Commerce, the Council on Environmental Quality, the Texas Railroad Commission, the Texas Historical Commission, the Texas Parks and Wildlife Department, and the Texas Commission on Environmental Quality. NuStar also hosted two public meetings on behalf of the Department of State, where public input on the project was received. Notably, no formal written public comments were submitted on the

draft Environmental Assessment. Comments received from the Federal and state agencies and the public were either responded to directly, or addressed directly by incorporation into the analysis contained in the draft Environmental Assessment.

In the 2006 Environmental Finding, after a review of the Environmental Assessment, the Department determined that there would be no significant impacts and an environmental impact statement was not required.⁸ The Department's 2006 Environmental Findings that the Burgos Pipeline will have no significant impacts remains valid even with the approval of this amendment request.

X. CONCLUSION

For the reasons set forth above, NuStar Logistics, L.P. submits that the name change to NuStar Logistics, L.P. and permitting the transportation of Petroleum Products, as set forth above, is in the national interest of the United States. Accordingly, NuStar respectfully requests that the Department issue an amended Presidential Permit as more fully described in this application.

Respectfully submitted,

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⁸ Finding of No Significant Impacts is appended as Attachment E.

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